

Responses to Feedback from 2013-14 NSPs and Performance Reports

Network Service Plans (NSPs) for the 2013-14 year were published to SunWater’s website in March 2013 and Performance Reports for 2013-14 in October 2014. The following responses are to feedback and questions raised in IAC meetings, or directly to SunWater via email or post.

Service Contract	Question/Comment	Response
Barker Barambah	SW declares increasing insurance costs, but how are these offset by insurance payouts?	<ul style="list-style-type: none"> Claims relating to the 2011 and 2013 floods are ongoing. If and when the payments are received from insurers, SW will allocate them to the relevant service contracts.
Bundaberg Bulk	Table 2 water usage – water availability 106% - how is that possible?	<ul style="list-style-type: none"> The total water available for irrigation is reflecting transfers from other sectors during the Water Year. The total water available across the whole scheme shows 101% and this is a rounding error.
Bundaberg Bulk	SunWater’s entitlement is 170,869ML; what does it include?	<ul style="list-style-type: none"> This includes SunWater and Burnett Water Medium and High Priority water entitlements.
Bundaberg Bulk	Trending from 2013 onwards, opening balance is negative. Probably due to flood damage, but how is this offset by insurance payouts? What happens if the balance keeps going negative?	<ul style="list-style-type: none"> The annuity balance will continue to run a negative balance. As the proceeds are received from insurers they will be allocated to the annuity for the relevant service contract. At the next price review, prices may need to be adjusted in order to recover the negative balance over the term of the annuity.
Bundaberg Bulk / Distribution	How much are SunWater spending on meter maintenance (routine expenditure)?	<ul style="list-style-type: none"> \$42,011 was spent on distribution meter maintenance during the 2013-14 Water Year, and \$8,233 was spent on Bulk Water meter servicing and maintenance for the same period. The age of meters is having impact on normal maintenance costs as lack of availability of parts for older units that are no longer supported by the manufacturer (e.g. Badger) often results in replacement rather than repair. An additional \$68,523 was spent in the 2013-14 Water Year for the purchase of new meters, replacing those damaged or washed away during the 2013 floods.
Bundaberg Distribution	What is the purpose of the 41,520ML SunWater entitlement, what is the make-up and when is it used?	<ul style="list-style-type: none"> This volume relates to losses in the distribution system.
Bundaberg Distribution	What constitutes an “Industrial” Customer and how many are there in the BIA Distribution schemes?	<ul style="list-style-type: none"> ‘Industrial’ includes customers whose usage is not classified as irrigation or urban, for example tourist park operators, food processing operation, stock intensive operations, quarries, electricity generators, shipping & ports. There are 11 such customers in Bundaberg Distribution.

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Bundaberg Distribution	Do "Industrial" customers have HP or MP allocations?	<ul style="list-style-type: none"> Industrial customers can have either or both, but are subject to commercial rates, rather than regulated irrigator rates. 																
Bundaberg Distribution	What "type" of customers are in each category e.g. how do you classify an Urban customer?	<ul style="list-style-type: none"> An urban customer is a Regional or Shire Council. An industrial customer is a non-irrigation water user and not a council. 																
Burdekin Distribution	Can SunWater provide a breakup of 2014 contractor costs by activity types for routine works?	<table border="1"> <thead> <tr> <th>Activity</th> <th>\$000</th> </tr> </thead> <tbody> <tr> <td>Condition Monitoring</td> <td>112</td> </tr> <tr> <td>Environmental Management</td> <td>>1</td> </tr> <tr> <td>Schedule/Deliver Water</td> <td>1</td> </tr> <tr> <td>Scheduled Corrective Mntnce</td> <td>394</td> </tr> <tr> <td>Servicing</td> <td>12</td> </tr> <tr> <td>Weed Control</td> <td>705</td> </tr> <tr> <td>Total</td> <td>1224</td> </tr> </tbody> </table>	Activity	\$000	Condition Monitoring	112	Environmental Management	>1	Schedule/Deliver Water	1	Scheduled Corrective Mntnce	394	Servicing	12	Weed Control	705	Total	1224
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Burdekin Bulk	Concerns that irrigation water usage is inaccurate due to meter issues	<ul style="list-style-type: none"> Where meters are unserviceable, SW relies on estimates based on previous usage history and information provided by customers. There is an ongoing campaign to refurbish or replace meters. 																
Burdekin Bulk	Does the water usage include the water boards?	<ul style="list-style-type: none"> Yes. 																
Burdekin Bulk	Is the Water Board's usage accurate?	<ul style="list-style-type: none"> The Water Boards read their meters and notify SunWater of their usage. To the best of our knowledge, they are correct. 																
Burdekin Bulk	How are the high costs of HV and cabling works justified before works are commenced?	<ul style="list-style-type: none"> High level R&E analyses are undertaken several years in advance of projects, and options analyses are undertaken prior to any work being commenced to verify the scope and parameters. 																
Burdekin Distribution	IAC questioned how 2015 preventative and corrective budgets were developed	<ul style="list-style-type: none"> These are broadly based on historical maintenance requirements, factoring in seasonal or emerging maintenance issues. Most of the preventive budget is related to weed control, with regard to existing contracts & reviews of historical costs. The corrective budget also takes into account historical costs with an allowance for emergency corrective maintenance. 																
Chinchilla	Why is irrigation revenue down when 90% of revenue is in Part A and usage is based on 10% price path? Usage was at 86% of irrigation water used. Water delivered in 2013 was at 54% of entitlement & 2014 water delivered was 86%, yet revenue has fallen.	<ul style="list-style-type: none"> The 2013 revenue is inflated by higher than usual usage in the last quarter of 2011-12. This usage was billed at the pre-QCA reviewed usage charge of \$16.52/ML Part B. Post QCA review, it fell to \$2.91/ML. Therefore revenue in 2013 is higher than it usually would be. 																
Dawson Bulk	Why was urban water available less than entitlement given HP (should have been 100% AA)?	<ul style="list-style-type: none"> This relates to the fact that Banana Shire Council purchased some water during the year. 																

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Dawson Bulk & Distribution	Would like to see reporting year budget as well as actuals for revenue in Table 3.	<ul style="list-style-type: none"> We will look into this for the next series of NSP Performance reports.
Dawson BW	Why are channel type activities listed in the Bulk Water NSP across pages 6 to 8?	<ul style="list-style-type: none"> For efficiency, we use a standard state-wide template when preparing all NSP performance reports.
Dawson	Queries were raised about the feasibility and cost of upgrading Orange Creek Weir (OCW) siphon works	<ul style="list-style-type: none"> Agreed to fund OCW siphon works from the Annuity for the special release in Nov/Dec 2014. The IAC agreed to add the \$200K+ geotechnical foundation investigation & option study for OCW so it can proceed.
Emerald Distribution	Has SunWater investigated alternative procurement of Acrolien given the significance of these costs in the scheme?	<ul style="list-style-type: none"> SunWater has explored alternative supplies of Acrolien on several occasions; however the current supplier is the only importer of Acrolien approved by the APVMA. Other international suppliers of Acrolien have withdrawn their applications to import it as a result of the cost and complexity of achieving approval.
Emerald Distribution	Why are the legal costs charged directly and not recovered as an overhead?	<ul style="list-style-type: none"> Where internal legal resources are able to identify a specific job related to a specific service contract they charge their time and costs directly, leaving less costs to be recovered through non-direct charges.
Mareeba	Does revenue include releases made to Stanwell?	<ul style="list-style-type: none"> Yes.
Mareeba	Land Tax - Does SunWater pay the same taxes as other business even though they are Government owned?	<ul style="list-style-type: none"> SunWater pays land tax the same as any other entity that is required to pay land tax. SunWater is subject to the National Tax Equivalents Regime (NTER) and pays tax the same as any other corporate business.
Nogoa	Cost of consultation (11k) in regard to decommissioning Inflatable Rubber Dam considered high.	<ul style="list-style-type: none"> Project costs have included travel, consultancy fees, materials, accommodation, and labour.
Pioneer	Where does SW report PVWB losses for water usage? SW Irrigation shows actuals of 13,500ML but the PVWB report shows actuals of 13,854ML.	<ul style="list-style-type: none"> Losses should be included in the Water Deliveries column of "Table 2 – 2014 Water Usage", but have been erroneously omitted. The PVWB figures are correct & SunWater's figures should also reflect an actual of 13,854ML.
Pioneer	What is happening with the coffer dam and outlet works at Marian Weir?	<ul style="list-style-type: none"> The coffer dam has been rendered inactive i.e. it is not functioning as a coffer dam by excluding water from the weir. Consequently, SunWater is not planning to remove the sheet piling. There are no plans to install new outlet works as the Pioneer Resource Operations Plan (ROP) environmental flow requirements are currently being met by the weir as it is over-topping.

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Pioneer	<p>Fabridams - The last SW report mentioned that a review would need to be done if water use increased, and an alternative system may need to be installed. PVWB have raised concerns with the lessened ability to supply customers once the fabridams removed. This must not drop off the radar.</p>	<ul style="list-style-type: none"> • SunWater has completed hydrologic modelling on the impact of deflating the inflatable rubber dams (IRDs) on the Pioneer using the most recent hydrologic Integrated Quantity and Quality Model (IQQM) made available by the DNRM for the Pioneer. The results have been presented as an R&E High Level Options Analysis (using the template approved by the QCA) and have been used to inform the Network Service Plans. • For the Pioneer Weirs (Mirani and Dumbleton), the modelling results show that IRD reinstatement is not required at this time because the performance currently exceeds the WASO requirement given the current low levels of water usage in the scheme. This approach has been discussed with DNRM. Decommissioning of both IRDs was therefore the recommended option. However, SunWater will revisit at each price review whether water demands have increased in this scheme to the point that warrants considering the reinstatement of the storage capacity. Higher usage levels would trigger further options analysis regarding reinstatement, replacement or other non-structural options. • As per recommendations, when water usage exceeds 50%, a review will be undertaken to determine requirements for a replacement fabridam or other water supply arrangements (currently at 44%). SunWater will include a note in future NSP Performance Reports, to ensure this matter does not drop off the radar. 																		
St George	<p>What assets are insured in the St George area and for what total costs. What is the initial insurance bill that insurance has risen by 95k?</p>	<ul style="list-style-type: none"> • All the infrastructure is insured, based on asset replacement costs, as follows: <table data-bbox="810 1556 1284 1870"> <thead> <tr> <th></th> <th style="text-align: right;">Asset value</th> </tr> </thead> <tbody> <tr> <td>St George Distribution</td> <td></td> </tr> <tr> <td>St George Drainage</td> <td style="text-align: right;">21,831,926</td> </tr> <tr> <td>St George Distribution</td> <td style="text-align: right;">54,062,811</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>75,894,737</u></td> </tr> <tr> <td>St George Supply</td> <td></td> </tr> <tr> <td>St George Headworks</td> <td style="text-align: right;">93,815,058</td> </tr> <tr> <td>St George River</td> <td style="text-align: right;">552,777</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>94,367,836</u></td> </tr> </tbody> </table> <p>Targets are based on the QCA allowed insurance costs as per their 2012 review. In 2014, insurance costs increased significantly as insurers responded to the large number of infrastructure assets being flooded.</p>		Asset value	St George Distribution		St George Drainage	21,831,926	St George Distribution	54,062,811		<u>75,894,737</u>	St George Supply		St George Headworks	93,815,058	St George River	552,777		<u>94,367,836</u>
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St George Bulk	Confirmation sought that 181k was received as Industrial and Urban revenue	<ul style="list-style-type: none"> Confirmation is given that the revenue in the report for industrial and urban are correct as reported.
St George Bulk	Do SunWater claim the diesel rebate on the Low Level Pumps and is this receipted back into the scheme?	<ul style="list-style-type: none"> At present, no diesel rebate has been claimed, but SunWater is endeavouring to ascertain if it is entitled to this rebate.
Upper Burnett	The cost of the fabridam removal project was raised as a high cost item.	<ul style="list-style-type: none"> Project costs included travel, transportation, & freight, hire of plant & equipment, consultancy fees, materials & fuel, accommodation & provisions, and labour.